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Message Text

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ACTION EB-04

INFO OCT-01 SS-14 ISO-00 SP-02 INR-05 EUR-08 NSC-05
NSCE-00 CIAE-00 TRSE-00 STR-02 STRE-00 SSO-00
/041 W
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P R 221615Z JUL 77
FM AMEMBASSY PARIS
TO SECSTATE WASHDC PRIORITY 6060
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
USMISSION GENEVA
AMEMBASSY LONDON
AMEMBASSY ROME

C O N F I D E N T I A L SECTION 1 OF 2 PARIS 21280

LIMDIS

PASS STR FOR AMBASSADOR STRAUSS

USEEC

USMTN

E.O. 11652: GDS
TAGS: ETRD, EAIR, FR
SUBJ: STR BILATERAL CONSULTATIONS WITH FRENCH

REF: STATE 163814 (EXDIS)

1. BEGIN SUMMARY: WOLFF-RIVERS PARIS VISIT WELL RECEIVED, WITH GOF REPS AGREEING THAT PROPOSED TIMETABLE SEEMS REASONABLE, WHILE MAKING CLEAR THEIR OBJECTIVE OF "LIMITED BUT RAPID CONCLUSION" OF MTN AND THEIR CONCERN THAT ATTENTION BE GIVEN TO DISASTROUS EFFECTS OF VERY LOW COST IMPORTS ON CERTAIN SECTORS SUCH AS TEXTILES AND
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STEEL. U.S. REPS DESCRIBED U.S. OBJECTIVE AS "SUBSTANTIAL BUT RAPID CONCLUSION OF MTN." CONCORDE ISSUE SURFACED, WITH IMPLIED BUT UNMISTAKABLY CLEAR LINKAGE OF PROGRESS IN MTN TO APPROVAL OF CONCORDE LANDING RIGHTS AT JFK. VISIT OF PM BARRE TO WASHINGTON IN MID-SEPTEMBER MENTIONED AND MEETING WITH STR OF BARRE & CO. URGED. END SUMMARY.

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2. ON JULY 20 AMBASSADOR ALAN WOLFF, DEPUTY SPECIAL TRADE REPRESENTATIVE AND STR GENERAL COUNSEL RICHARD RIVERS SPENT DAY MEETING WITH VARIOUS FRENCH REPRESENTATIVES. OFFICE CALLS WERE MADE ON JACQUES FERRY, ACTING PATRONAT PRESIDENT AND PRESIDENT FRENCH STEEL INSTITUTE; JEAN RENE BERNARD, SECRETARY GENERAL OF INTERMINISTERIAL COMMITTEE FOR EEC QUESTIONS; JACQUES BLANC, SECRETARY OF STATE, MINISTRY OF AGRICULTURE; AND HENRI FROMENT-MEURICE, DIRECTOR, ECONOMIC AND FINANCIAL AFFAIRS, MINISTRY OF FINANCIAL AFFAIRS. THERE WAS ALSO A LUNCH WITH BERTRAND DE MOREL, DIRECTOR, EXTERNAL ECONOMIC RELATIONS FOR THE MINISTRY OF FOREIGN TRADE; AND JEAN PIERRE DUTET, ELYSEE COUNSELOR.

3. BERNARD, DE MOREL AND FROMENT-MEURICE ARE PART OF A QUADRUMVIRATE OF SENIOR GOF OFFICIALS WHO SEEM TO CALL MOST OF THE SHOTS FOR INTERNATIONAL ECONOMIC AFFAIRS AND WHO KEEP IN CONSTANT COMMUNICATION WITH EACH OTHER. THEY DEMONSTRATED THEIR CLOSE COORDINATION ON THE 20TH, AND EACH DESCRIBED ESSENTIALLY THE SAME POSITION: THE GOF REGARDS PROPOSED TIMETABLE AS REASONABLE, BUT WILL CONTINUE TO LOOK VERY CAREFULLY AT MTN PROPOSALS WITH A VIEW TO ACHIEVING LIMITED BUT RAPID CONCLUSION OF MTN. SOMETHING MUST BE DONE TO AVOID THE DISASTROUS EFFECTS OF MASSIVE LOW-COST IMPORTS IN CERTAIN SECTORS, SUCH AS CONFIDENTIAL

TEXTILES AND STEEL. AMBASSADOR WOLFF STRESSED THEME THAT USG INTERESTED IN SUBSTANTIAL BUT RAPID CONCLUSION OF MTN, URGING INTEREST OF ALL PARTIES IN SOLID EVIDENCE OF FORWARD MOVEMENT IN MTN.

4. IN MEETING WITH FERRY, AMBASSADOR WOLFF AGREED THAT SECTOR NEGOTIATIONS ON STEEL ARE DESIRABLE, BUT FERRY WANTED THESE CONDUCTED OUTSIDE OF GATT. INITIALLY FERRY SEES ACCORD AMONG THE U.S., JAPAN, AND THE EC WITH OTHERS BROUGHT IN LATER. SPEAKING IN HIS PATRONAT ROLE, FERRY SAID PATRONAT HAD PROBABLY GONE TOO FAR IN SUGGESTING SUSPENSION OF MTN. WHAT WAS CALLED FOR WAS A REEVALUATION OF THE MTN NEGOTIATING OBJECTIVES BECAUSE ECONOMIC CONDITIONS HAD CHANGED SO MUCH SINCE THE TOKYO DECLARATION. AMBASSADOR WOLFF MADE THE POINT THAT THE NOTION OF LIBERALIZATION IN THE TOKYO ROUND DISCUSSIONS HAS PERHAPS BEEN OVEREMPHASIZED AS COMPARED WITH RULE MAKING. FERRY SAID HE WAS IN FUNDAMENTAL AGREEMENT WITH THE AMBASSADOR. HE NOTED THAT HE HAD AN APPOINTMENT WITH PRESIDENT GISCARD ON JULY 21 TO DISCUSS TRADE POLICY.

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5. DURING MEETING WITH BERNARD, AMBASSADOR WOLFF
SUMMARIZED THE CURRENT U.S. VIEW AND STRESSED THE CHANGE
IN OUR POSITION ON AGRICULTURE, FROM ONE OF THEOLOGY TO
A MORE PRAGMATIC APPROACH. BERNARD WAS NOT OPPOSED TO
OUR SUGGESTED TIMETABLE BUT SAID THE CALENDAR WAS
SECONDARY TO SUBSTANCE. HE WAS SKEPTICAL THE CALENDAR
DEADLINES COULD BE MET. BERNARD WAS PREOCCUPIED WITH
THE POSSIBLE TIMING OF U.S. REQUEST FOR NEW LEGISLATION
ON COUNTERVAILING DUTIES (ASSUMING THE ZENITH CASE WERE
LOST) AND THE SUBMISSION TO THE CONGRESS OF MTN RESULTS.
MR. RIVERS EXPLAINED HOW THIS TIMETABLE MIGHT WORK OUT,
NOTING OPTIMUM WOULD BE TO OBTAIN CONGRESSIONAL APPROVAL
WELL BEFORE 1978 FALL CONGRESSIONAL ELECTIONS.
GENERALLY BERNARD'S ATTITUDE WAS POSITIVE, RECOGNIZING
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THE IMPORTANCE OF GOING FORWARD IN THE MTN TO DEAL WITH
PROTECTIONIST PRESSURES. HE SAID WE HAD TO HELP EACH
OTHER.

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INFO OCT-01 SS-14 ISO-00 SP-02 INR-05 EUR-08 NSC-05
NSCE-00 CIAE-00 TRSE-00 STR-02 STRE-00 SSO-00
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FM AMEMBASSY PARIS
TO SECSTATE WASHDC PRIORITY 6061
INFO AMEMBASSY BONN
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6. AT MIDDAY LUNCHEON, BOTH DE MOREL AND DUTET STRESSED ACCEPTABILITY OF TIMETABLE IF IT REALLY MEANT GETTING OFFERS ON TABLE BY DATES INDICATED, WITH NEGOTIATION/ DISCUSSION THEREOF ASAP THEREAFTER. DE MOREL PRETTY MUCH EQUATED RAPID ACTION WITH A SMALL PACKAGE, WHILE AMBASSADOR WOLFF STRESSED THAT PACKAGE MUST BE SUBSTANTIAL. HE SAID CONGRESSIONAL APPROVAL SEEMED LIKELY IF STR BROUGHT BACK FROM GENEVA A REASONABLE PACKAGE, WHICH WAS THE ONLY KIND OF PACKAGE AMBASSADOR STRAUSS WOULD ACCEPT. DUTET ALLUDED TO OTHER MATTERS, NOT DIRECTLY RELATED TO MTN, BUT INVOLVING FRANCO-US INTERESTS SUCH AS PENDING LITIGATION, WHICH MIGHT AFFECT GOF ABILITY TO MOVE FORWARD IN MTN NEGOTIATIONS. HE MAY HAVE BEEN REFERRING IN PART TO ZENITH AND U.S. STEEL CASES, BUT HE LEFT NO DOUBT THAT HE HAD THE CONCORDE SITUATION IN MIND. THE THREAT WAS IMPLIED BUT IT WAS UNMISTAKABLE. UNLESS ATMOSPHERE WAS GOOD, IT WAS SAID, THE GOF WOULD FIND IT EXTREMELY DIFFICULT TO MOVE. (READ: NO CONCORDE, NO
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MTN.) THE U.S. REPS DESCRIBED HOW COUNTERPRODUCTIVE AND INIMICAL TO ALL INTERESTS SUCH A POSITION WOULD BE.

7. AT THE MINISTRY OF AGRICULTURE DR. BLANC WAS AT VARIOUS TIMES ALSO ACCOMPANIED BY CHRISTIAN CARDON, CHIEF OF CABINET; BERNARD AUBERGER, DIRECTOR, MARKETING AND FOREIGN TRADE; AND PHILIPPE GUERIN, DEPUTY DIRECTOR, EUROPEAN AND MULTILATERAL AFFAIRS. IN THE COURSE OF A FRANK AND OPEN DISCUSSION LASTING WELL OVER AN HOUR, THE MINAG OFFICIALS MADE CLEAR THEIR GREAT APPRECIATION FOR AMBASSADOR WOLFF'S VISIT, BUT AT SAME TIME REVEALED CONTINUING CONCERN THAT EC NEGOTIATORS MIGHT EXCEED THEIR MANDATE AND GRANT CONCESSIONS DETRIMENTAL TO FRENCH AGRICULTURE. WHILE THEY DO NOT QUESTION USG SINCERITY IN CHANGE FROM THEORETICAL TO PRACTICAL APPROACH, AND WHILE THEY RECOGNIZE THAT MTN WILL BE CONDUCTED BY EC COMMISSION, IT IS APPARENT THAT THEY HOPEFOR CONTINUED OCCASIONAL BILATERAL CONSULTATIONS IN ORDER BE ABLE REASSURE HIGHLY POLITICIZED FRENCH FARM ORGANIZATIONS THAT THEIR INTERESTS ARE BEING PROTECTED.

8. IN FINAL MEETING OF DAY, WITH FROMENT-MEURICE, SAME GENERAL AGREEMENT ON TIMETABLE, COUPLED WITH CONCERN ABOUT UNRESTRAINED TRADE LIBERALIZATION, EMERGED. FROMENT-MEURICE WAS PERHAPS A BIT MORE GUARDED THAN PREVIOUS INTERLOCUTORS, NOTING THAT COMMISSION HAD NOT YET DISCUSSED TIMETABLE WITH MEMBER STATES AND THAT IN ANY CASE GOF COULD NOT SUBMIT TO AN IRONCLAD TIMETABLE

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AND BIND ITSELF TO A SCHEDULE IN TURN TIED TO U.S.
ELECTIONS. HE ADDED, HOWEVER, THAT GOF HAD NO
OBJECTIONS TO TARGET DATES AND NOTED THAT IT HAD ALREADY
BEEN AGREED AT LONDON SUMMIT THAT THERE MUST BE FORWARD
MOVEMENT IN MTN. HE ALSO MADE DISCURSIVE PRESENTATION
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OF NEED TO RECONCILE WITH CONCEPT OF TRADE LIBERALIZA-
TION THE REALITIES OF A CHANGING WORLD IN WHICH
STRUCTURAL CHANGES MUST BE TAKEN INTO ACCOUNT. SUCH
FACTORS AS UNEMPLOYMENT, THE NEED TO PRESERVE SOME
INDUSTRIAL SECTORS, THE NEED TO DEVELOP OTHER NEW
POTENTIALS, ALL PRESENT DIFFICULT PROBLEMS. GOF
PROPOSAL FOR ORGANIZED MARKETS IS NOT HIDDEN PROTECTION-
ISM, WHICH IS BASICALLY UNILATERAL ACTION, BUT IS AN
EFFORT TO AVOID UNILATERAL MEASURES AND TO THINK THROUGH
TOGETHER HOW TO COPE WITH CHANGED AND CHANGING
SITUATION. AS DID OTHERS, HE REFERRED SPECIFICIALLY TO
TEXTILES AND STEEL AS TWO AREAS WHERE SPECIAL
ATTENTION NEEDED.

9. SURPRISINGLY, APPROACHING FRENCH LEGISLATIVE
ELECTIONS WERE NOT BROUGHT UP IN DISCUSSIONS AS MAJOR
IMPEDIMENT TO FRENCH FLEXIBILITY IN MTN.

10. BOTH DE MOREL AND FROMENT-MEURICE MADE SPECIAL
REFERENCE TO PM BARRE'S PROSPECTIVE VISIT TO WASHINGTON
IN MID-SEPTEMBER, SAYING THAT MTN WOULD BE HIGH ON HIS
LIST OF MATTERS TO BE DISCUSSED. AMBASSADOR WOLFF
AGREED IT WOULD BE DESIRABLE FOR PM BARRE AND AMBAS-
SADOR STRAUSS TO GET TOGETHER, AND HE AND DE MOREL (WHO
EXPECTS TO BE ACCOMPANYING BARRE) ALSO AGREED IN
PRINCIPLE THAT THEY WOULD TRY TO GET TOGETHER SEPARATELY
DURING BARRE VISIT.

11. ACTION REQUESTED: SUGGEST STR SCHEDULE BE REVIEWED
TO SEE IF IT WOULD BE POSSIBLE FOR AMBASSADOR STRAUSS
AND WOLFF TO MEET WITH PM BARRE AND M. DE MOREL (AND
PERHAPS OTHERS) DURING BARRE VISIT TO WASHINGTON ON
SEPTEMBER 15-16.
HARTMAN

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